



TREASURY DEPARTMENT
BUREAU OF CUSTOMS
INVESTIGATIVE UNIT
TREASURY ATTACHE
CARE OF AMERICAN CONSUL.

DEPARTMENT
COPY

SHANGHAI, CHINA

April 8, 1937.

Commissioner of Customs,
(Investigative Unit),
Treasury Department,
Washington, D. C.

See H-7-37

Sir:

There are enclosed for the information of the Bureau
and other interested Departments copies of a report entitled:
"Japanese Encourage Poppy Cultivation in North Chahar."

Respectfully,

M. C. Wilson

Treasury Attaché

MRN. GW

Ene.

Shanghai, April 7, 1937.

JAPANESE ENCOURAGE POPPY CULTIVATION
IN NORTH CHINA

Since the six hsien districts in North Chahar, namely Tolun (托倫), Shangtu (商都), Peochang (寶昌), Bayuan (百源), Cheng-pet (成德) and Kangpao (康保), fell into Japanese hands, this area has become the center of opium and narcotic evils. The Japanese authorities have left no stone unturned in carrying out their narcotics policy among the Chinese there, and from this area, drugs are being smuggled into all the North China provinces.

Recently, as a means to encourage the cultivation of opium poppy, the Japanese authorities in the six hsien districts in North Chahar issued notices to the farmers in the name of local hsien magistrates, urging them to grow the poisonous plant as required and set forth the following rewards to the cultivators.

(1) That those who cultivate opium poppy as required shall be freed from paying their land tax.

(2) That those who cultivate more than five mu shall be free from compulsory military services in addition to the reward specified in (1).

(3) That those who cultivate more than twenty mu shall be presented with a certificate of honor by the hsien magistrates in addition to the rewards in (1) and (2).

(4) That those who cultivate more than fifty mu shall be qualified as village or district elders and shall be listed as candidates for public service, in addition to the rewards in (1), (2) and (3).

(5) That Opium Distribution Cooperative Societies shall be established in the six hsien districts concerned under the joint auspices

of Japanese firms and local liaison governments. These cooperative societies shall buy opium from the farmers at the fixed price of 60 cents per tael and undertake to push the sale of these drugs in the North China area under Japanese protection. In this way the financial conditions of these liaison districts will be greatly benefitted, the puppet authorities claimed.

It is understood that a greater part of the opium produced will be used for making heroin by the Japanese factory there.

More than one hundred trucks of the Min Kao Company (民考公司), which is a huge heroin organ in North Chahar, are being used for transporting narcotic drugs and munitions to the bandit troops and Mongolian irregulars on various highways.

The Japanese have opened an opium collecting system in the six liaison districts to purchase opium from the cultivators at fixed prices. For every acre of poppy land the cultivator should sell 100 taels of raw opium to the monopoly agents. Opium addicts within the border of the puppet regime are not allowed to reduce their amount of opium consumption. Any slight offence on the part of opium growers or opium addicts is severely dealt with. Many an opium cultivator has met death because of mixing other ingredients with the opium sold to the Monopoly Bureau.